

ERA-NET Cofund in practice

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ERA-NET COFUND in practice - financial mechanisms

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eligible costs and EC contribution

- ❖ The EC contribution is calculated on the basis of the eligible costs.
- ❖ There are **3 types of eligible costs**:
 - a) direct costs related to transnational projects
= the **total funding transferred to the transnational projects** funded in the cofunded call
 - b) direct coordination costs for of additional activities
= a lump sum of **29.000 € per beneficiary per year** (so-called Unit Costs) if a beneficiary is involved in additional activities
 - c) indirect costs
= a **flat rate of 25%** on top of the Unit Costs b)

Calculation of EC contribution for co-funded call

eligible/non-eligible funds:

- some third countries (high-income countries) can participate but their commitments are not considered for calculating the EC contribution¹.
- structural funds (ESIF) as well as loans are also not eligible for EC top-up funding.

Example:

national commitment AUSTRIA (<i>EU member</i>)	1.340.000 €
regional commitment BELGIUM-WALLONIA (<i>EU member</i>)	1.340.000 €
national commitment FRANCE (<i>EU member</i>)	1.340.000 €
national commitment SOUTH AFRICA (<i>third country eligible for EC funding</i>)	1.340.000 €
regional commitment (<i>struct.funds</i>) REGIONE CALABRIA (<i>EU member but uses ESIF</i>)	1.000.000 €
national commitment <i>BRAZIL</i> (<i>third country not eligible for EC funding</i>)	1.000.000 €
national commitment TURKEY (<i>H2020 associated state</i>)	1.340.000 €
national commitment <i>CANADA</i> (<i>third country not eligible for EC funding</i>)	1.000.000 €
→ <i>total national/regional commitments</i>	9.700.000 €
but: total funding EU members + associated states + elig. 3rd countr.	6.700.000 € (=67%)
→ max. EC contribution (based on EU MS + AS + elig. 3rd c.)	3.300.000 € (=33%)
Total contributions EU MS + AS + elig. 3rd c. + EC top-up	10.000.000 € (=100%)
Total call budget	13.000.000 €

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Use of EC contribution

- ❖ The calculation of the EC contribution is always based on the eligible costs but **the actual use of the EC contribution is up to the consortium.**
- ❖ The **practical terms of using the EC contribution** - often called “**black box**”– are defined in the Consortium Agreement.
- ❖ The maximum EC contribution **cannot exceed** the absolute **amount defined in the Grant Agreement** and also **cannot exceed 33%** but it **can actually become less than 33%** depending on the real national/regional contributions.
- ❖ The consortium can decide to **use part of the EC contribution to cover the implementation cost** of the ERA-NET COFUND; in this case the EC funding rate related to transnational projects will decrease correspondingly; the gap has to be filled with additional national/regional project funding.



ERA-NET COFUND in practice - implementation costs

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Implementation Costs

- ❖ It is up to the consortium to agree on how to cover the implementation costs
- ❖ ERA-LEARN identified 4 main options which are in use by ERA-NET COFUND networks
- ❖ these 4 options are included in the template for an ERA-NET COFUND Consortium Agreement

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Implementation Costs: Eligible Costs/Use of EC-Funding

❖ Example: Eligible costs and corresponding calculation of EC contribution

Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in Total	Indirect Costs	Total Eligible Costs	EC Funding Rate	EC Funding
1	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
2	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
3	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
4	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
5	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
Total	10.000.000	25	725.000	181.250	10.906.250		3.599.063

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Implementation Costs: Example Use

- ❖ Practical implementation option: individual actual costs are considered. These costs are subtracted from the calculated EC contribution (3,599,063 €).

Beneficiary	Personal Costs	Travel Costs	Other Costs	Total
1	190.000	20.000	50.000	260.000
2	129.000	20.000		149.000
3	240.000	50.000	20.063	310.063
4	180.000	20.000		200.000
5	130.000	20.000	30.000	180.000
Total	869.000	130.000	100.063	1.099.063
	EC funding left for transnational projects			2.500.000

- The remaining 2.500.000 € of the EC funding is used for transnational projects
- ❖ see model ERA-NET COFUND Consortium Agreement for details on all 4 options



ERA-NET COFUND in practice

- selection list & distribution of the EC contribution**

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selection list & distribution of EC contribution

- ❖ the selection list is the key issue for financial management; the EC contribution (top-up + unit costs) is tied to the selection list
- ❖ When agreeing on the selection list & the final distribution of the EC contribution the following should be considered:
 - ❖ eligibility for top-up is generated by spending nat/reg funding
 - ❖ the **longer the list** of funded projects the higher the EC contribution
 - ❖ not all nat/reg contributions qualify for top-up calculation
 - ❖ unit costs = max 20% of total EC contribution
 - ❖ network implementation costs to be funded through unit costs and/or top-up funding (CA)
 - ❖ the consortium agrees on the **most suitable funding mode** to achieve a satisfactory selection list and distribution of EC contribution

ERA-LEARN support for establishing the selection list & for calculating the distribution of the EC contribution is available:

<https://www.era-learn.eu/support-for-p2ps/era-net-cofund/era-net-cofund-under-h2020-practical-information/implementing-an-era-net-cofund-action>

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- distribution of EC top-up

ERA-NET COFUND networks usually apply 2 funding modes to distribute EC top-up:

Mixed Mode

- used by the majority of ERA-NET Co-fund networks
- a certain percentage of the EU Top-up is put into a “balancing pot”; this percentage is usually in the range of 30-50%
- the rest is allocated to funding organisations in agreed fixed percentage
- some networks even increased the budget for balancing purposes to fund as many projects as possible from the ranking list

Real Common pot

- used by some ERA-NET Co-fund networks
- no fixed individual return rate

ERA-NET Cofund: avoid gaps in ranking list (I)

EC rule: „Proposals must be ranked according to the evaluation results. The selection must be made on the basis of this ranking”

- the evaluation of the cofunded call must result in a ranking list which is 100% accepted among the call partners and strictly followed.
- Gaps in the selection list must be avoided:
 - eliminate all proposals that have no chance for funding already in the pre-proposal phase
 - commit sufficient national/regional budgets to the call: funding must be balancing the nat/reg funding requests
 - Limit the number of proposals to be invited to the full proposal stage (approx. 2-3.5 times the respective national/regional budget)
 - Increase the national/regional budget after the pre-proposal phase if possible and needed



ERA-NET COFUND in practice - Consortium Agreement

ERA-NET Cofund:

CA - Overview

- ❖ The consortium agreement (CA) should be signed before the grant agreement (GA). The CA clarifies issues that will or may arise during the project.
- ❖ The **template for an ERA-NET Cofund Consortium Agreement** on www.era-learn.eu is based on the DESCAs Model but adapted according to the ERA-NET Cofund needs.
 - ❖ Governance structure (structure, procedures, decision taking)
 - ❖ Financial provisions
 - ❖ Call implementation
- https://www.era-learn.eu/documents/modelca_cofund_version3.docx

CA - Call implementation

Section 7: Financial provisions

- ❖ 7.4 Budgeting
 - ❖ 7.4.1 Share of the Parties in the Network Fund
 - ❖ 7.4.3 Payment Schedule
 - ❖ 7.4.4 Unit Cost Reporting
 - ❖ 7.4.5 Funding of Support to Transnational Projects
 - ❖ 7.4.6 National/regional budget of the Cofunded Call
 - ❖ 7.4.7 Reserve Fund
- ❖ 7.6 Cost of Certificates of the Financial Statement
- ❖ 7.7 Insufficient financial contribution of the Funding Authority

Section 8: Call Implementation

- ❖ 8.1. Selection Process
 - ❖ 8.1.1 Limited oversubscription
- ❖ 8.2 Use of EU-Top-Up Funding for Transnational Projects
- ❖ 8.3 Ranking List
- ❖ 8.4 Conflicts of interests



ERA-NET COFUND in practice

- Additional Activities – Unit Costs**

Unit Cost Calculation (1)

- Funding concerning Unit costs for additional activities is 11,962.50 € per 1 partner per 1 year → the max amount per partner in a 5-year ERA-NET Cofund is therefore $5 \times 11,962.50 \text{ €} = 59,812.50 \text{ €}$ assuming that this partner participates in additional activities every year during 5 years



$$\text{total eligible "unit costs"} = (N1+N2+N3+N4+N5) \times 11962.5 \text{ EUR}$$

- For a consortium of N partners, the overall theoretical maximum amount of “unit costs” during 5 years is therefore $N \times 59,812.50 \text{ €}$.
- The reimbursement of coordination cost is **limited to those beneficiaries that carry out activities** that go beyond the co-funded call; depending on the real (reported) number of participations in additional activities the total could be less

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Unit Cost Calculation (2)

EC rule: the total amount used for coordination of additional joint activities cannot exceed 20% of the total EC contribution

Example:

- EC contribution = 15,000,000.00 €
- Max amount available as “unit costs” (=20%) = 3,000,000.00 €
- 43 beneficiaries = $41 \times 5 \times 11962.50 \text{ €} + 2 \times 4 \times 11962.50 \text{ €} = 2,548,012.50 \text{ €}$
(assuming that 41 partners participate in additional joint activities over 5 years and 2 partners over 4 years)
- → total unit costs = 2,548,012.50 € < 3,000,000.00 € → OK

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Unit Cost Calculation (3)

max. 20% „unit costs“ for other joint activities (ie. 3.00 M€ of 15.00 M€)

fixed:
15.00 M€ EC contribution

→ min. 36.4 M€ total budget of 1 cofunded call (= 100%)

→ min. 12.0 M€ EC top-up of 1 co-funded call (= 33% of total call budget)

→ nat/reg contribution minimum 24.4 mio € **actually paid** nat/reg funding (grants no ESIF, no loans) for 1 co-funded call (= 67% of total call budget)

Note: smaller actual nat/reg payments will automatically reduce the available unit costs:

- commit higher budgets
- fill gaps with flexible use of EC top-up
- Coordinators should closely monitor the funding paid to the transnational research projects

Additional activities: internal reporting –justification of Unit Costs

EC Rule: Adequate records and other supporting documentation to prove the number of units declared are needed throughout the entire ERA-NET Cofund duration.

Note: detailed records of units and for each unit a concrete “proof” could be requested on the occasion of CFS/audit (e.g. workshop agenda, call announcement, mails, authors of a document, etc.)

- The consortium has to report on the involvement of the beneficiaries in additional activities

Current Practice: networks use reporting forms for the consortium to report on the involvement in additional activities other than joint calls

The EC funding related to Unit Costs is paid together with the EC top-up funding (1st Pre-financing , 2nd Pre-financing, Payment of the balance)



ERA-NET COFUND Summary

Summary

- ❖ The total EC contribution is based on **eligible costs**.
- ❖ The EC funding rate for ERA-NET COFUND is up to 33%.
- ❖ Additional activities are refunded with **lump sums** = Unit Cost funding
- ❖ The consortium is free to **define the real use** of the EC contribution in the Consortium Agreement.
- ❖ There are 2 views: The **eligible costs** for calculating the EC contribution and the **real use** of the EC contribution.
- ❖ the selection list is the key issue for financial management; the EC contribution (top-up + unit costs) is tied to the selection list and **actual national/regional payments**
- ❖ If part of the EC top-up funding is used to cover the implementation costs (in addition to unit costs, if applicable) the resulting funding rate for transnational projects will be less than 33% and the difference has to be covered by **additional national/regional contributions**.

Summary

- ❖ Unit costs = **11,962.50 € per 1 partner per 1 year**
- ❖ The total amount used for coordination of “other” **joint activities cannot exceed 20%** of the total EC contribution
- ❖ **Adequate records** and other supporting documentation to prove the number of units declared are needed.
- ❖ If a beneficiary is **not involved** in the additional activities **Unit cost cannot be declared** for him

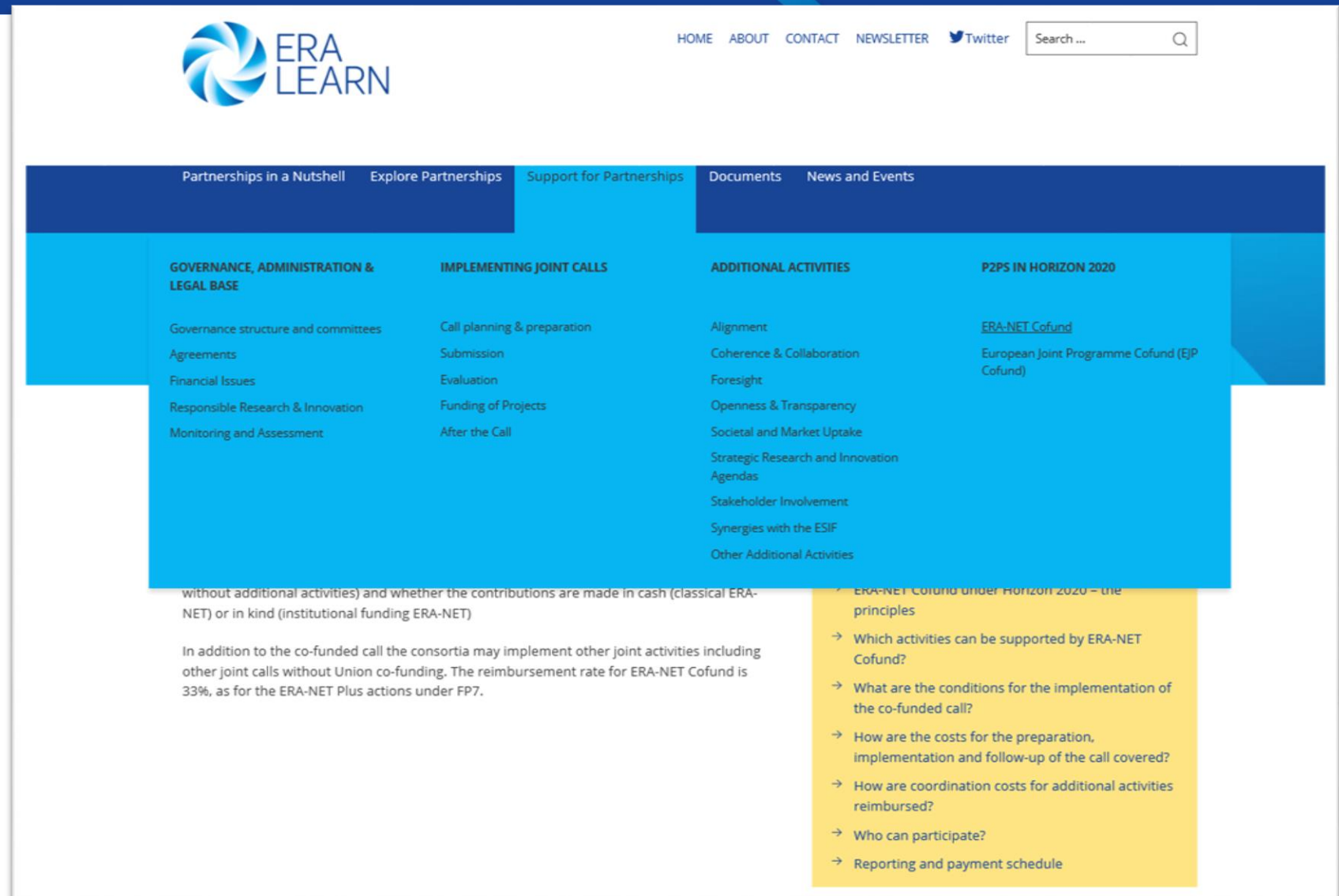
Links

- ❖ ERA-NET COFUND: Guidelines & Practical Documentation: <https://www.era-learn.eu/support-for-partnerships/cofunded-p2p/era-net-cofund>
- ❖ ERA-NET COFUND: FAQ: https://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/era-net_en.htm

Implementing ERA-NET Cofund

How to establish, manage and finance the consortium – ERA-LEARN support material

- Support for P2Ps in H2020 (ERA-NET Cofund and EJP)
 - <https://www.era-learn.eu/support-for-partnerships/cofunded-p2p>
- Background information on the following issues:
 - ERA-NET Cofund under Horizon 2020 – the principles
 - Which activities can be supported by ERA-NET Cofund?
 - What are the conditions for the implementation of the co-funded call?
 - How are the costs for the preparation, implementation and follow-up of the call covered?
 - How are coordination costs for additional activities reimbursed?
 - Who can participate?
 - Reporting and payment schedule
 - <https://www.era-learn.eu/support-for-partnerships/cofunded-p2p/era-net-cofund/era-net-cofund-under-horizon-2020-2013-background-information>
- Practical information



The screenshot displays the ERA-LEARN website interface. At the top, the ERA-LEARN logo is on the left, and navigation links (HOME, ABOUT, CONTACT, NEWSLETTER, Twitter) and a search bar are on the right. Below the navigation bar, a dark blue header contains the following menu items: Partnerships in a Nutshell, Explore Partnerships, Support for Partnerships (highlighted), Documents, and News and Events. The main content area is divided into four columns under the 'Support for Partnerships' section:

GOVERNANCE, ADMINISTRATION & LEGAL BASE	IMPLEMENTING JOINT CALLS	ADDITIONAL ACTIVITIES	P2PS IN HORIZON 2020
Governance structure and committees	Call planning & preparation	Alignment	ERA-NET Cofund
Agreements	Submission	Coherence & Collaboration	European Joint Programme Cofund (EJP Cofund)
Financial Issues	Evaluation	Foresight	
Responsible Research & Innovation	Funding of Projects	Openness & Transparency	
Monitoring and Assessment	After the Call	Societal and Market Uptake	
		Strategic Research and Innovation Agendas	
		Stakeholder Involvement	
		Synergies with the ESIF	
		Other Additional Activities	

Below the table, there is a paragraph of text:

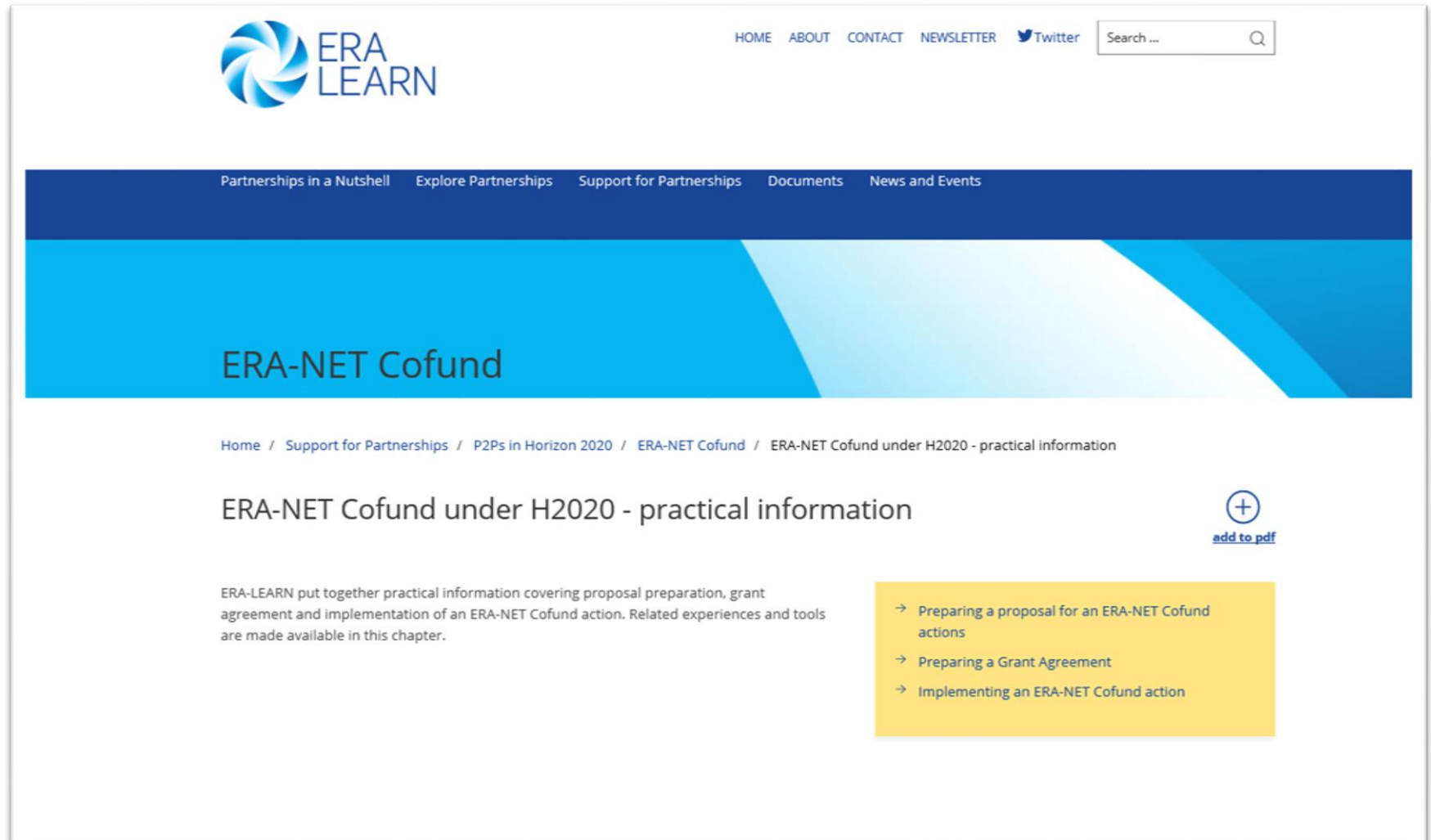
without additional activities) and whether the contributions are made in cash (classical ERA-NET) or in kind (institutional funding ERA-NET)

In addition to the co-funded call the consortia may implement other joint activities including other joint calls without Union co-funding. The reimbursement rate for ERA-NET Cofund is 33%, as for the ERA-NET Plus actions under FP7.

To the right of this text, a yellow box contains a list of questions:

- ERA-NET Cofund under Horizon 2020 – the principles
- Which activities can be supported by ERA-NET Cofund?
- What are the conditions for the implementation of the co-funded call?
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- How are coordination costs for additional activities reimbursed?
- Who can participate?
- Reporting and payment schedule

- Support for P2Ps in H2020 (ERA-NET Cofund an EJP)
 - <https://www.era-learn.eu/support-for-partnerships/cofunded-p2p>
- Background information
- Practical information on the following issues
 - Prepare a proposal
 - Prepare a Grant Agreement
 - Implement Cofund action
 - <https://www.era-learn.eu/support-for-partnerships/cofunded-p2p/era-net-cofund/era-net-cofund-under-h2020-practical-information/implementing-an-era-net-cofund-action>



The screenshot displays the ERA-LEARN website interface. At the top left is the ERA-LEARN logo, a blue stylized flower-like icon. To its right is a navigation menu with links: HOME, ABOUT, CONTACT, NEWSLETTER, and a Twitter icon. Further right is a search bar with the placeholder text "Search ...". Below the navigation bar is a dark blue horizontal bar containing the following links: Partnerships in a Nutshell, Explore Partnerships, Support for Partnerships, Documents, and News and Events. The main content area has a large blue header with the text "ERA-NET Cofund". Below this is a breadcrumb trail: Home / Support for Partnerships / P2Ps in Horizon 2020 / ERA-NET Cofund / ERA-NET Cofund under H2020 - practical information. The main title of the page is "ERA-NET Cofund under H2020 - practical information". To the right of the title is a circular icon with a plus sign and the text "add to pdf". Below the title, a paragraph states: "ERA-LEARN put together practical information covering proposal preparation, grant agreement and implementation of an ERA-NET Cofund action. Related experiences and tools are made available in this chapter." To the right of this paragraph is a yellow box containing three bullet points, each preceded by a right-pointing arrow: "Preparing a proposal for an ERA-NET Cofund actions", "Preparing a Grant Agreement", and "Implementing an ERA-NET Cofund action".

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ERA-LEARN put together practical information covering proposal preparation, grant agreement and implementation of an ERA-NET Cofund action. Related experiences and tools are made available in this chapter.


- Preparing a proposal for an ERA-NET Cofund actions
- Preparing a Grant Agreement
- Implementing an ERA-NET Cofund action

Implementing ERA-NET Cofund

**Implementation of joint calls – ERA-LEARN
support material**

- Scope of call
- Timing of the call
- Funding mode and funding commitment
- The evaluation process
- Finding experts and telling them what to do
- The ranking list
- Filling the gaps – top up funding
- Proposal management tools
- Project monitoring and reporting

Support from ERA-LEARN: <https://www.era-learn.eu/support-for-p2ps/implementing-joint-calls>




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GOVERNANCE, ADMINISTRATION & LEGAL BASE	<u>IMPLEMENTING JOINT CALLS</u>	ADDITIONAL ACTIVITIES	P2PS IN HORIZON 2020
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		Stakeholder Involvement	
		Synergies with the ESIF	
		Other Additional Activities	

for the implementation of transnational calls for proposals. You will find general information, practical examples and templates. Click on one of the sections below to learn more:



[Call planning & preparation](#)
[Submission](#)
[Evaluation](#)
[Funding of Projects](#)
[After the Call](#)

Thank you.